

LOCAL GOVERNMENT CODE
TITLE 9. PUBLIC BUILDINGS AND GROUNDS
SUBTITLE C. PUBLIC BUILDING PROVISIONS APPLYING TO MORE THAN ONE
TYPE OF LOCAL GOVERNMENT
CHAPTER 303. PUBLIC FACILITY CORPORATIONS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 303.001. SHORT TITLE. This chapter may be cited as the Public Facility Corporation Act.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.002. PURPOSE; CONSTRUCTION. (a) The purpose of this chapter is to authorize the creation and use of public facility corporations with the broadest possible powers to finance or to provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing, and placement in service of public facilities in an orderly, planned manner and at the lowest possible borrowing costs.

(b) The legislature intends that a corporation created under this chapter be a public corporation, constituted authority, and instrumentality authorized to issue bonds on behalf of its sponsor for the purposes of Section 103, Internal Revenue Code of 1986 (26 U.S.C. Section 103). This chapter and the rules and rulings issued under this chapter shall be construed according to this intent.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.003. DEFINITIONS. In this chapter:

(1) "Board of directors" means the board of directors of a corporation.

(2) "Bonds" includes notes, interim certificates, or other evidences of indebtedness of a corporation issued or incurred under this chapter.

(3) "Corporation" means a public facility corporation created and existing under this chapter.

(4) "Credit agreement" means a loan agreement,

revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitment to purchase bonds or sponsor obligations, purchase or sale agreement, interest rate or commodities price swap agreement, cap or collar agreement, protection or management agreement, or commitment or other contract or agreement authorized and approved by the board of directors of a corporation in anticipation of, related to, or in connection with the authorization, issuance, incurrence, sale, security, exchange, payment, purchase, remarketing, or redemption of bonds or interest on bonds.

(5) "Director" means a member of a board of directors.

(6) "Housing authority" means a public corporation created under Chapter 392.

(7) "Public facility" means any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed, refinanced, or provided by sponsor obligations or bonds issued under this chapter.

(8) "Resolution" means a resolution, order, ordinance, or other official action by the governing body of a sponsor.

(9) "School district" means a political subdivision created under Section 3, Article VII, Texas Constitution.

(10) "Special district" means:

(A) a district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution;

(B) a hospital district or authority; or

(C) a junior college district authorized by Chapter 130, Education Code.

(11) "Sponsor" means a municipality, county, school district, housing authority, or special district that causes a corporation to be created to act in accordance with this chapter.

(12) "Sponsor obligation" means an evidence of indebtedness or obligation that a sponsor issues or incurs to finance, refinance, or provide a public facility, including bonds, notes, warrants, certificates of obligation, leases, and contracts authorized by Section 303.041 and Subchapter C.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 488 (H.B. [2679](#)), Sec. 1, eff. June 16, 2015.

Acts 2015, 84th Leg., R.S., Ch. 488 (H.B. [2679](#)), Sec. 2, eff. June 16, 2015.

Sec. 303.004. ADOPTION OF ALTERNATE PROCEDURE IN CASE OF CONSTITUTIONAL VIOLATION. If a court holds that a procedure under this chapter violates the federal or state constitution, a corporation or its sponsor by resolution may provide an alternate procedure that conforms to the constitution.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.005. EFFECT OF CHAPTER ON OTHER LAW. (a) This chapter does not limit the police power provided by law to this state or a municipality or other political subdivision of this state, or an official or agency of this state or of a municipality or other political subdivision of this state, over property of a corporation.

(b) A sponsor or corporation may use other law not in conflict with this chapter to the extent convenient or necessary to carry out a power expressly or impliedly granted by this chapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.006. LIMITATION OF CHAPTER. This chapter does not authorize a sponsor to issue a sponsor obligation, use a letter of credit, or mortgage a public facility.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.007. NATURAL GAS AS PUBLIC FACILITY. Natural gas purchased by a corporation for resale to a local government under an interlocal cooperation contract described by Section [791.025](#), Government Code, between the sponsor and the local government is considered a public facility for the purposes of this chapter.

Added by Acts 2013, 83rd Leg., R.S., Ch. 767 (S.B. [1063](#)), Sec. 1, eff. June 14, 2013.

SUBCHAPTER B. CREATION AND OPERATION OF PUBLIC FACILITY CORPORATION

Sec. 303.021. AUTHORITY TO CREATE. (a) A sponsor may create one or more nonmember, nonstock, nonprofit public facility corporations to:

(1) issue bonds under this chapter, including bonds to purchase sponsor obligations;

(2) finance public facilities on behalf of its sponsor; or

(3) loan the proceeds of the obligations to other entities to accomplish the purposes of the sponsor.

(b) A sponsor may use the corporation to:

(1) acquire, construct, rehabilitate, renovate, repair, equip, furnish, or place in service public facilities; or

(2) issue bonds on the sponsor's behalf to finance the costs of the public facilities.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 488 (H.B. [2679](#)), Sec. 3, eff. June 16, 2015.

Sec. 303.022. CREATION UNDER OTHER LAW. A nonprofit corporation created by a housing authority under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) is considered a corporation under this chapter and has the rights and powers necessary or convenient to accomplish a corporation's purposes under this chapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.023. PROCEDURE. A governing body of a sponsor that determines that it is in the public interest and to the benefit of the sponsor's residents and the citizens of this state that a corporation be created to finance, refinance, or provide the costs of public facilities of the sponsor may by resolution stating that determination:

(1) authorize and approve the creation of a

corporation to act on behalf of the sponsor; and

(2) approve proposed articles of incorporation for the corporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.024. ARTICLES OF INCORPORATION. (a) The articles of incorporation of the corporation must include:

(1) the corporation's name;

(2) a statement that the corporation is a nonprofit public corporation;

(3) the duration of the corporation, which may be perpetual;

(4) a statement that the purpose of the corporation is to assist its sponsor in financing, refinancing, or providing public facilities;

(5) a statement that the corporation has no members and is a nonstock corporation;

(6) the street address of the corporation's initial registered office and the name of its initial registered agent at that address;

(7) the number of directors on the initial board of directors and those directors' names and addresses;

(8) each incorporator's name and street address;

(9) the sponsor's name and address; and

(10) a statement that the sponsor has specifically authorized the corporation to act on its behalf to further the public purpose set forth in the articles of incorporation and has approved the articles of incorporation.

(b) The corporate powers listed in this chapter are not required to be included in the articles of incorporation.

(c) The articles of incorporation may include provisions for the regulation of the internal affairs of the corporation, including a provision required or permitted by this chapter to be in the bylaws.

(d) Unless the articles of incorporation provide that a change in the number of directors may be made only by amendment to those articles, a change may be made by amendment to the bylaws.

(e) A provision of the articles of incorporation that requires the vote or concurrence of a greater proportion of the board of directors than this chapter controls over this chapter. Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.025. CERTIFICATE OF INCORPORATION; BEGINNING OF CORPORATE EXISTENCE. (a) The incorporators shall deliver to the secretary of state the original and two copies of the articles of incorporation and a certified copy of the resolution of the sponsor's governing body approving the articles of incorporation.

(b) If the secretary of state finds that the articles of incorporation comply with this chapter and have been approved by the sponsor's governing body, the secretary of state, on payment of the fees required by this chapter, shall:

(1) write "filed" on the original and each copy of the articles of incorporation and the month, day, and year of the filing;

(2) file the original in the office of the secretary of state; and

(3) issue two certificates of incorporation with a copy of the articles of incorporation attached to each.

(c) The secretary of state shall deliver a certificate of incorporation, with a copy of the articles of incorporation attached, to the incorporators or their representatives and to the sponsor's governing body.

(d) The corporation's existence begins on issuance of the certificate of incorporation.

(e) The certificate of incorporation is conclusive evidence that all conditions precedent required to be performed by the incorporators and by the sponsor have been performed and that the corporation has been incorporated under this chapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.026. ORGANIZATIONAL MEETING. (a) After issuance of the certificate of incorporation and at the call of a majority of the incorporators, the board of directors named in the articles of incorporation shall hold an organizational meeting in this state to

adopt bylaws, to elect officers, and for any other purpose.

(b) Not later than the sixth day before the date of the meeting, the incorporators shall mail, postage prepaid, notice to each director of the time and place of the meeting.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.027. AMENDMENT OF ARTICLES OF INCORPORATION. (a) Articles of incorporation may be amended to contain a provision that is lawful under this chapter if the sponsor's governing body by appropriate resolution determines that the amendment is advisable and authorizes or directs that an amendment be made.

(b) The corporation's president or vice president and the secretary or clerk of the sponsor's governing body shall execute articles of amendment on behalf of the corporation. An officer signing the articles of amendment shall verify those articles.

(c) The articles of amendment must include:

(1) the name of the corporation;

(2) if the amendment alters a provision of the original or amended articles of incorporation, an identification by reference or description of the altered provision and a statement of its text as amended;

(3) if the amendment is an addition to the original or amended articles of incorporation, a statement of that fact and the full text of each provision;

(4) the name and address of the sponsor;

(5) a statement that the amendment was authorized by the sponsor's governing body; and

(6) the date of the meeting at which the governing body adopted or approved the amendment.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.028. CERTIFICATE OF AMENDMENT. (a) The original and two copies of the articles of amendment and a certified copy of the resolution of the sponsor's governing body authorizing the articles shall be delivered to the secretary of state.

(b) If the secretary of state finds that the articles of amendment comply with this chapter and are authorized by the

sponsor's governing body, the secretary of state, on payment of the fees required by this chapter, shall:

(1) write "filed" on the original and on each copy of the articles of amendment and the month, day, and year of the filing;

(2) file the original in the office of the secretary of state; and

(3) issue two certificates of amendment with a copy of the articles of amendment attached to each.

(c) The secretary of state shall deliver to the corporation or its representative and to the sponsor's governing body a certificate of amendment with a copy of the articles of amendment attached.

(d) The amendment to the articles of incorporation takes effect on issuance of the certificate of amendment.

(e) An amendment does not affect an existing cause of action in favor of or against the corporation, a pending suit to which the corporation is a party, or an existing right of a person. Change of the corporate name by amendment does not abate a suit brought by or against the corporation under its former name.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.029. RESTATED ARTICLES OF INCORPORATION. (a) A corporation may authorize, execute, and file restated articles of incorporation by following the procedure to amend articles of incorporation, including obtaining authorization from the sponsor's governing body.

(b) The restated articles of incorporation must restate the entire text of the articles of incorporation as amended or supplemented by all previous certificates of amendment. The restated articles of incorporation may also contain further amendments to the articles of incorporation.

(c) Unless the restated articles of incorporation include amendments that were not previously in the articles of incorporation and previous certificates of amendment, the introductory paragraph of the restated articles of incorporation must contain a statement that the instrument accurately copies the

articles of incorporation and all amendments that are in effect on the date of filing without further changes, except that:

(1) the number of directors then constituting the board of directors and those directors' names and addresses may be inserted in place of the similar information concerning the initial board of directors; and

(2) the incorporators' names and addresses may be omitted.

(d) If the restated articles of incorporation contain further amendments not included in the articles of incorporation and previous certificates of amendment, the instrument containing the restated articles of incorporation must:

(1) include for each further amendment a statement that the amendment has been made in conformity with this chapter;

(2) include the statements required by this chapter to be contained in articles of amendment, except that the full text of the amendment need not be included except in the restated articles of incorporation;

(3) contain a statement that the instrument accurately copies the articles of incorporation and all previous amendments in effect on the date of the filing, as further amended by the restated articles of incorporation, and that the instrument does not contain any other change, except that:

(A) the number of directors then constituting the board of directors and those directors' names and addresses may be inserted in place of the similar information concerning the initial board of directors; and

(B) the incorporators' names and addresses may be omitted; and

(4) restate the entire text of the articles of incorporation as amended and supplemented by all previous certificates of amendment and as further amended by the restated articles of incorporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.030. RESTATED CERTIFICATE OF INCORPORATION. (a) The original and two copies of the restated articles of

incorporation and a certified copy of the resolution of the sponsor's governing body authorizing the articles shall be delivered to the secretary of state.

(b) If the secretary of state finds that the restated articles of incorporation comply with this chapter and have been authorized by the sponsor's governing body, the secretary of state, on payment of the fees required by this chapter, shall:

(1) write "filed" on the original and each copy of the restated articles of incorporation and the month, day, and year of the filing;

(2) file the original in the office of the secretary of state; and

(3) issue two restated certificates of incorporation with a copy of the restated articles of incorporation attached to each.

(c) The secretary of state shall deliver a restated certificate of incorporation, with a copy of the restated articles of incorporation attached, to the corporation or its representative and to the sponsor's governing body.

(d) On the issuance by the secretary of state of the restated certificate of incorporation, the original articles of incorporation and all amendments are superseded, and the restated articles of incorporation become the corporation's articles of incorporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.031. REGISTERED OFFICE AND AGENT. (a) A corporation shall continuously maintain a registered office and registered agent in this state.

(b) The registered office shall be the same as the corporation's principal office. The registered agent may be:

(1) an individual resident of this state whose business office is the same as the registered office; or

(2) a domestic or foreign profit or nonprofit corporation that is authorized to transact business or conduct affairs in this state and that has a principal or business office that is the same as the registered office.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.032. CHANGE OF REGISTERED OFFICE OR AGENT. (a) A corporation may change its registered office, registered agent, or both by filing the original and a copy of a statement in the office of the secretary of state. The president or vice president of the corporation shall execute and verify the statement.

(b) The statement must include:

- (1) the corporation's name;
- (2) the post office address of the corporation's current registered office;
- (3) if the registered office is to be changed, the post office address of the corporation's new registered office;
- (4) the name of the corporation's registered agent;
- (5) if the registered agent is to be changed, the name of the successor registered agent;
- (6) a statement that, after the change, the post office address of the registered office will be the same as the post office address of the business office of the registered agent; and
- (7) a statement that the change was authorized by the board of directors or by a corporate officer authorized by the board of directors to make the change.

(c) If the secretary of state finds that the statement complies with this chapter, the secretary of state, when all fees have been paid as required by this chapter, shall:

- (1) write "filed" on the original and each copy of the statement and the month, day, and year of the filing;
- (2) file the original statement in the office of the secretary of state; and
- (3) return the copy of the statement to the corporation or its representative.

(d) The change made by the statement takes effect on the filing of the statement.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.033. RESIGNATION OF REGISTERED AGENT. (a) A registered agent of a corporation may resign by:

(1) mailing or delivering written notice to the corporation; and

(2) filing the original and two copies of the notice in the office of the secretary of state not later than the 10th day after the date the notice is mailed or delivered to the corporation.

(b) The notice must include:

(1) the corporation's last known address;

(2) a statement that written notice was given to the corporation; and

(3) the date the written notice was given to the corporation.

(c) If the secretary of state finds that the notice complies with this chapter, the secretary of state, on payment of all fees required by this chapter, shall:

(1) write "filed" on the original notice and both copies and the month, day, and year of the filing;

(2) file the original notice in the office of the secretary of state;

(3) return one copy of the notice to the resigning registered agent; and

(4) deliver one copy of the notice to the corporation at the address shown in the notice.

(d) The resignation takes effect on the 31st day after the date the notice is received by the secretary of state.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.034. AGENTS FOR SERVICE. (a) The president, each vice president, and the registered agent of a corporation are the corporation's agents on whom a process, notice, or demand required or permitted by law to be served on the corporation may be served.

(b) If a corporation does not appoint or maintain a registered agent in this state or if the registered agent cannot with reasonable diligence be found at the registered office, the secretary of state is an agent of the corporation on whom a process, notice, or demand may be served.

(c) The secretary of state may be served by delivering two copies of the process, notice, or demand to the secretary of state,

the deputy secretary of state, or a clerk in charge of the corporation department of the secretary of state's office. The secretary of state shall immediately forward one copy of the process, notice, or demand by registered mail to the corporation at its registered office.

(d) Service on the secretary of state is returnable not earlier than the 30th day after the date of service.

(e) The secretary of state shall keep a record of each process, notice, and demand served, including the time of the service and the action of the secretary of state in reference to the process, notice, or demand.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 41 (H.B. 297), Sec. 3, eff. September 1, 2005.

Sec. 303.035. BOARD. (a) A corporation's affairs are governed by a board of directors composed of at least three individuals appointed by the sponsor's governing body. Directors may be divided into classes.

(b) A director serves for a term of not more than six years. The terms of directors of different classes may be of different lengths.

(c) A director holds office for the term to which the director is appointed and until a successor is appointed and has qualified.

(d) The sponsor's governing body may remove a director for cause or at any time without cause.

(e) A director serves without compensation but is entitled to reimbursement for actual expenses incurred in the performance of duties under this chapter.

(f) A director has the same immunity from liability as is granted under the laws of this state to a member of the sponsor's governing body if the director was acting in good faith and in the course and scope of the duties or functions within the corporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.103(a), eff. Sept.

1, 2001.

Sec. 303.036. OFFICERS. (a) The officers of a corporation are:

- (1) the president, vice president, and secretary; and
- (2) other officers, including a treasurer, and assistant officers considered necessary.

(b) An officer is elected or appointed at the time, in the manner, and for the term provided by the articles of incorporation or bylaws, except that an officer's term may not exceed three years. If the articles of incorporation or bylaws do not contain those requirements, the board of directors shall elect or appoint each officer annually.

(c) A person may simultaneously hold more than one office, except that the same person may not simultaneously hold the offices of president and secretary.

(d) An officer may be removed by the persons authorized to elect or appoint the officer if those persons believe the best interests of the corporation will be served by the removal.

(e) A director who is a member of the governing body or an officer or employee of the sponsor is eligible to serve as an officer of the corporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.037. INDEMNIFICATION. (a) Except as provided by Subsection (c), a corporation may indemnify a director, officer, employee, or agent or former director, officer, employee, or agent for expenses and costs, including attorney's fees, actually or necessarily incurred by the person in connection with a claim asserted against the person, by action in court or another forum, because of the person's being or having been a director, officer, employee, or agent.

(b) Except as provided by Subsection (c), if a corporation has not fully indemnified a director, officer, employee, or agent of the corporation under Subsection (a), the court in a proceeding in which a claim is asserted against the director, officer, employee, or agent of the corporation or a court having

jurisdiction over an action brought by the director, officer, employee, or agent on a claim for indemnity may assess indemnity against the corporation or its receiver or trustee. The assessment must equal:

(1) the amount that the director, officer, employee, or agent paid to satisfy the judgment or compromise the claim, not including any amount paid the corporation; and

(2) to the extent the court considers reasonable and equitable, the expenses and costs, including attorney's fees, actually and necessarily incurred by the director, officer, employee, or agent in connection with the claim.

(c) A corporation may not provide indemnity in a matter if the director, officer, employee, or agent is guilty of negligence or misconduct in relation to the matter. A court may not assess indemnity unless it finds that the director, officer, employee, or agent was not guilty of negligence or misconduct in relation to the matter in which indemnity is sought.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.038. BYLAWS. (a) The board of directors shall adopt a corporation's initial bylaws and may amend or repeal the bylaws or adopt new bylaws. The bylaws and each amendment and repeal of the bylaws must be approved by the sponsor's governing body by resolution.

(b) The bylaws may contain any provision for the regulation and management of the corporation's affairs consistent with law and the articles of incorporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.039. COMMITTEES. (a) If permitted by the articles of incorporation or bylaws, the board of directors, by resolution adopted by a majority of directors in office, may designate one or more committees consisting of two or more directors to exercise the board's authority in the management of the corporation to the extent provided by the resolution, articles of incorporation, or bylaws. The designation of a committee or delegation of authority to a committee does not relieve the board of directors or an

individual director of a responsibility imposed by law.

(b) Other committees not exercising the authority of the board of directors in the management of the corporation may be designated. The composition of those committees may be limited to directors, and the committee members shall be designated and appointed by:

(1) the board of directors by resolution; or

(2) the president, if authorized by the articles of incorporation, the bylaws, or a resolution of the board of directors.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.040. MEETINGS; QUORUM. (a) A regular or special meeting of the board of directors must be called and held as provided by the bylaws. A regular or special meeting may be held at any location in this state.

(b) A director's attendance at a meeting waives notice to the director of the meeting, unless the attendance is for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) A quorum is the lesser of:

(1) a majority of the number of directors established by the bylaws or, if the bylaws do not establish a number of directors, a majority of the number of directors stated in the articles of incorporation; or

(2) the number of directors, not less than three, established as a quorum by the articles of incorporation or bylaws.

(d) The act of a majority of the directors present at a meeting at which a quorum is present is an act of the board of directors, unless the act of a larger number is required by the articles of incorporation or bylaws.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.041. CORPORATION'S GENERAL POWERS. (a) Subject to Section [303.045](#), a corporation has the rights and powers necessary or convenient to accomplish the corporation's purposes, including the power to:

(1) acquire title to a public facility in order to lease, convey, or dispose of the public facility to the corporation's sponsor or, on direction of the sponsor and in furtherance of the sponsor's purposes, to another entity;

(2) accept or grant a mortgage or pledge of a public facility financed, refinanced, or provided by the corporation or by sponsor obligations purchased by the corporation and, as security for the payment of any connected bonds or credit agreements that the corporation issues or incurs:

(A) assign the mortgage or pledge and the revenue and receipts from the mortgage or pledge or from the corporation or sponsor obligations; or

(B) grant other security;

(3) sell, convey, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of all or any part of the corporation's property and other assets, including sponsor obligations;

(4) make a contract, including a credit agreement, incur a liability, and borrow money at interest;

(5) lend money for its corporate purposes, invest its money, and take and hold security for the payment of money loaned or invested;

(6) sue and be sued in its corporate name;

(7) appoint agents of the corporation and determine their duties;

(8) have a corporate seal and use the seal by having it or a facsimile of it impressed on, affixed to, or reproduced on an instrument required or authorized to be executed by the corporation's proper officers; and

(9) exercise any powers that a nonprofit corporation may exercise, to the extent necessary or convenient to accomplish the purpose of the corporation.

(b) Subsection (a) does not authorize a corporate officer or director to exercise a power specified in that subsection in a manner that is inconsistent with the corporation's articles of incorporation or bylaws or beyond the scope of the corporation's purposes.

(c) A sponsor may not delegate to a corporation the power of taxation or eminent domain, a police power, or an equivalent sovereign power of this state or the sponsor.

(d) The authority granted under Subsection (a)(3) includes the authority to grant a leasehold or other possessory interest in a public facility owned by the corporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 488 (H.B. [2679](#)), Sec. 4, eff. June 16, 2015.

Sec. 303.042. TAXATION. (a) A public facility, including a leasehold estate in a public facility, that is owned by a corporation and that, except for the purposes and nonprofit nature of the corporation, would be taxable to the corporation under Title 1, Tax Code, shall be assessed to the user of the public facility to the same extent and subject to the same exemptions from taxation as if the user owned the public facility. If there is more than one user of the public facility, the public facility shall be assessed to the users in proportion to the value of the rights of each user to occupy, operate, manage, or use the public facility.

(b) The user of a public facility is considered the owner of the facility for purposes of the application of:

(1) sales and use taxes in the construction, sale, lease, or rental of the public facility; and

(2) other taxes imposed by this state or a political subdivision of this state.

(c) A corporation is engaged exclusively in performance of charitable functions and is exempt from taxation by this state or a municipality or other political subdivision of this state. Bonds issued by a corporation under this chapter, a transfer of the bonds, interest on the bonds, and a profit from the sale or exchange of the bonds are exempt from taxation by this state or a municipality or other political subdivision of this state.

(d) An exemption under this section for a multifamily residential development which is owned by a public facility corporation created by a housing authority under this chapter and

which does not have at least 20 percent of its units reserved for public housing units, applies only if:

(1) the housing authority holds a public hearing, at a regular meeting of the authority's governing body, to approve the development; and

(2) at least 50 percent of the units in the multifamily residential development are reserved for occupancy by individuals and families earning less than 80 percent of the area median family income.

(e) For the purposes of Subsection (d), a "public housing unit" is a dwelling unit for which the landlord receives a public housing operating subsidy. It does not include a unit for which payments are made to the landlord under the federal Section 8 Housing Choice Voucher Program.

(f) Notwithstanding Subsections (a) and (b), during the period of time that a corporation owns a particular public facility, a leasehold or other possessory interest in the real property of the public facility granted by the corporation shall be treated in the same manner as a leasehold or other possessory interest in real property granted by an authority under Section [379B.011](#)(b).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 1493, Sec. 1, eff. Aug. 31, 2002.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 488 (H.B. [2679](#)), Sec. 5, eff. June 16, 2015.

Sec. 303.043. NET EARNINGS. No part of a corporation's net earnings remaining after payment of its bonds and expenses in accomplishing its public purpose may benefit a person other than the sponsor of the corporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.044. OPEN MEETINGS; OPEN RECORDS. A corporation and its board of directors are considered to be governmental bodies under Chapters [551](#) and [552](#), Government Code.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.045. ALTERATION OF CORPORATION OR ACTIVITIES. The sponsor of a corporation, in its sole discretion, may alter the corporation's structure, organization, programs, or activities, consistent with the other provisions of this chapter and subject to limitations provided by law relating to the impairment of contracts entered into by the corporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.046. EXAMINATION OF BOOKS AND RECORDS. A representative of the sponsor may examine all books and other records of the corporation at any time.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.047. WAIVER OF NOTICE. If a notice is required to be given to a director by this chapter, the articles of incorporation, or the bylaws, a written waiver of the notice signed by the person entitled to the notice, before or after the time that would have been stated in the notice, is equivalent to giving the notice.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

SUBCHAPTER C. BONDS

Sec. 303.071. AUTHORITY TO ISSUE. With the specific approval by resolution of the governing body of its sponsor, a corporation may issue or incur bonds, including refunding bonds, to finance, refinance, or provide one or more public facilities.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.072. SOURCE OF PAYMENT. (a) Bonds of a corporation are payable from revenue derived from public facilities or sponsor obligations. Bonds issued under this chapter are not an obligation or a pledge of the faith and credit of this state, a sponsor or other political subdivision of this state, or an agency of this state.

(b) Each bond must contain on its face a statement that neither the faith and credit nor the taxing power of this state, the sponsor, except to the extent of the sponsor obligations, or another political subdivision of this state is pledged to the payment of the principal of or the interest on the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.073. TERMS. (a) A bond issued under this chapter must mature not later than 40 years after its date.

(b) Bonds issued under this chapter may be sold in any manner authorized by the corporation and permitted by Chapter 1201, Government Code.

(c) The interest rate on the bonds may be determined by a formula or index or in accordance with a contract or other arrangement for the periodic determination of interest rates.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.074. USE OF PROCEEDS. (a) The proceeds of the bonds of a corporation may be used to:

(1) finance, refinance, or provide one or more public facilities;

(2) maintain reserve funds determined by the sponsor and the corporation to be necessary and appropriate; or

(3) pay any costs relating to the issuance or incurrence of bonds by the corporation and the purchase of sponsor obligations by the corporation, including:

(A) the cost of:

(i) financing charges and interest on the bonds;

(ii) financing, legal, accounting, financial advisory, and appraisal fees, expenses, and disbursements;

(iii) an insurance policy;

(iv) printing, engraving, and reproduction services;

(v) the initial and acceptance fees of a trustee, paying agent, bond registrar, or authenticating agent;

and

(vi) a credit agreement; and

(B) reasonable amounts to reimburse the corporation for time spent by its agents or employees with respect to the issuance, incurrence, or purchase.

(b) The purchase by the corporation of a sponsor obligation does not extinguish the debt represented by the sponsor obligation.

(c) Pending a use described by Subsection (a), the proceeds may be invested in accordance with Section 303.041.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.075. REFUNDING OBLIGATIONS. (a) A corporation may issue or incur bonds to refund its outstanding bonds or sponsor obligations of its sponsor, including any redemption premium on them and interest accrued to the date of redemption.

(b) The provisions of this chapter generally applicable to bonds apply to the issuance, maturity, terms, and holder's rights in the refunding bonds and to the corporation's rights, duties, and obligations in relation to the refunding bonds.

(c) The corporation may issue the refunding bonds in exchange or substitution for outstanding bonds or sponsor obligations or may sell the refunding bonds and use the proceeds to pay or redeem outstanding bonds or sponsor obligations.

(d) A corporation may issue or incur bonds to refund outstanding debt obligations of a nonprofit corporation created by a housing authority under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.076. APPROVAL OF BONDS BY OTHER ENTITIES. Except as required by Chapter 1202, Government Code, and Section 303.071 a corporation may issue bonds, acquire sponsor obligations, and enter into credit agreements under this chapter without the consent or approval of any other subdivision or agency of this state.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.077. PERFECTION OF SECURITY INTEREST. (a) This

section applies only to a security interest granted by:

- (1) a corporation as security for its bonds;
- (2) a credit agreement pledged as security for the obligations of the corporation on the bonds; or
- (3) a credit agreement issued or entered into in connection with the bonds.

(b) Notwithstanding Section 9.109(d), Business & Commerce Code, and without any other filing, a security interest is perfected until payment of the bonds and credit agreement, with the effect specified by Chapter 9, Business & Commerce Code, when the bonds are registered by the comptroller and the proceedings authorizing the bonds are filed with the comptroller.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.
Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.104(a), eff. Sept. 1, 2001.

Sec. 303.078. PURCHASE OF SPONSOR OBLIGATIONS. A sponsor may sell its sponsor obligations to a corporation that the sponsor has created at public or private sale on the terms the governing body of the sponsor determines.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

SUBCHAPTER D. DISSOLUTION OF CORPORATION

Sec. 303.101. DISSOLUTION AUTHORIZED. After a corporation's bonds and other obligations are paid and discharged, or adequate provision is made for their payment and discharge, the sponsor's governing body by written resolution may authorize and direct the dissolution of the corporation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.102. ARTICLES OF DISSOLUTION. (a) Articles of dissolution on behalf of the corporation must be executed by:

- (1) the president or vice president and the secretary or assistant secretary; or
- (2) the presiding officer of the sponsor's governing body and the secretary or clerk of that body.

(b) An officer signing the articles of dissolution must verify them.

(c) The articles of dissolution must include:

- (1) the name of the corporation;
- (2) the name and address of the sponsor;
- (3) a statement that the dissolution was authorized by the sponsor's governing body;
- (4) the date of the meeting at which the dissolution was authorized;
- (5) a statement that all of the corporation's bonds and other obligations have been paid and discharged or that adequate provision has been made for their payment and discharge; and
- (6) a statement that no suit is pending in a court against the corporation or that adequate provision has been made for the satisfaction of any judgment, order, or decree that may be entered against the corporation in each pending suit.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.103. CERTIFICATE OF DISSOLUTION. (a) The original and two copies of the articles of dissolution shall be delivered to the secretary of state.

(b) If the secretary of state finds that the articles of dissolution comply with this chapter and have been authorized by the sponsor's governing body, the secretary of state, on payment of the fees required by this chapter, shall:

- (1) write "filed" on the original and each copy of the articles of dissolution and the month, day, and year of the filing;
- (2) file the original in the office of the secretary of state; and
- (3) issue two certificates of dissolution with a copy of the articles of dissolution attached to each.

(c) The secretary of state shall deliver a certificate of dissolution, with a copy of the articles of dissolution attached, to the representative of the dissolved corporation and to the sponsor's governing body.

(d) The existence of the corporation ceases on the issuance of the certificate of dissolution, except for the purpose of suits,

other proceedings, and appropriate corporate action by the directors and officers of the corporation as provided by this chapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.104. EXTENSION OF DURATION. If a corporation is dissolved by expiration of its duration, the corporation may amend its articles of incorporation to extend its duration before the third anniversary of the date of dissolution.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.105. VESTING PROPERTY IN SPONSORING ENTITY. The title to all funds and other property owned by a corporation when it dissolves automatically vests in the corporation's sponsor without further conveyance, transfer, or other act.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.106. RIGHTS, CLAIMS, AND LIABILITIES BEFORE DISSOLUTION. (a) The dissolution of a corporation by the expiration of its duration or by the issuance of a certificate of dissolution does not impair a remedy available to or against the corporation or a director or officer of the corporation for a right or claim existing or a liability incurred before the dissolution, if action or other proceeding on the remedy is begun before the third anniversary of the date of the dissolution.

(b) The action may be prosecuted or defended by the corporation in its corporate name.

(c) The directors and officers may take corporate or other action as appropriate to protect the remedy, right, or claim.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

SUBCHAPTER E. ADMINISTRATION BY SECRETARY OF STATE

Sec. 303.121. ADMINISTRATION OF CHAPTER. The secretary of state may act as reasonably necessary to efficiently administer this chapter and to perform the duties imposed by this chapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.122. FEES. (a) The secretary of state shall charge and collect fees for:

(1) filing articles of incorporation and issuing two certificates of incorporation;

(2) filing articles of amendment and issuing two certificates of amendment;

(3) filing a statement of change of address of registered office or change of registered agent or both;

(4) filing restated articles of incorporation and issuing two restated certificates of incorporation; and

(5) filing articles of dissolution.

(b) The fees are in the amounts charged by the secretary of state for the respective filings and issuances under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.123. NOTICE AND APPEAL OF DISAPPROVAL. (a) If the secretary of state does not approve a document required by this chapter to be approved by the secretary of state, the secretary of state, not later than the 10th day after the date the document is delivered to the secretary of state, shall give written notice of the disapproval to the person who delivered the document. The notice must state the reasons for the disapproval.

(b) The person may appeal the disapproval to a district court of Travis County by filing with the clerk of the court a petition including a copy of the disapproved document and a copy of the disapproval notice.

(c) The court shall try the matter de novo and either sustain the secretary of state's action or direct the secretary of state to take action the court considers proper.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.

Sec. 303.124. DOCUMENTS AS PRIMA FACIE EVIDENCE. A court, public office, or official body shall receive the following documents as prima facie evidence of the facts, or the existence or

nonexistence of the facts, stated in the documents:

(1) a certificate issued by the secretary of state under this chapter;

(2) a copy, certified by the secretary of state, of a document filed in the office of the secretary of state under this chapter; and

(3) a certificate of the secretary of state under the state seal as to the existence or nonexistence of a fact relating to a corporation that would not appear from a document or certificate under Subdivision (1) or (2).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 11, eff. Sept. 1, 1999.